

A bill for an act

relating to commerce; enacting a car buyers' bill of rights; requiring disclosures; regulating the sale of "certified" used motor vehicles; amending Minnesota Statutes 2006, sections 53C.01, by adding subdivisions; 53C.08, by adding a subdivision; 325F.662, subdivision 10, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 53C.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 53C.01, is amended by adding a subdivision to read:

Subd. 12a. **Service contract.** "Service contract" means a motor vehicle service contract as defined in section 65B.29.

Sec. 2. Minnesota Statutes 2006, section 53C.01, is amended by adding a subdivision to read:

Subd. 12b. **Surface protection product.** "Surface protection product" means the following products:

(1) undercoating;

(2) rustproofing;

(3) chemical or film paint sealant or protectant; or

(4) chemical sealant or stain inhibitor for carpet and fabric.

Sec. 3. Minnesota Statutes 2006, section 53C.01, is amended by adding a subdivision to read:

Subd. 12c. **Theft deterrent device.** "Theft deterrent device" means the following devices:

- 2.1 (1) a vehicle alarm system;
- 2.2 (2) a window etch product;
- 2.3 (3) a body part marking product;
- 2.4 (4) a steering lock;
- 2.5 (5) a pedal or ignition lock; or
- 2.6 (6) a fuel or ignition kill switch.

2.7 Sec. 4. Minnesota Statutes 2006, section 53C.08, is amended by adding a subdivision
2.8 to read:

2.9 Subd. 1a. **Disclosures required.** Prior to the execution of a retail installment
2.10 contract, the seller shall provide to a buyer, and obtain the buyer's signature on, a written
2.11 disclosure that sets forth the following information:

2.12 (1) a description and the total price of all items sold in the following categories if
2.13 the contract includes a charge for the item:

- 2.14 (i) a service contract;
- 2.15 (ii) an insurance product;
- 2.16 (iii) a debt cancellation agreement;
- 2.17 (iv) a theft deterrent device; or
- 2.18 (v) a surface protection product;

2.19 (2) the amount that would be calculated under the contract as the regular installment
2.20 payment if charges for the items referenced under clause (1) are not included in the
2.21 contract;

2.22 (3) the amount that would be calculated under the contract as the regular installment
2.23 payment if charges for the items referenced under clause (1) are included in the contract;
2.24 and

2.25 (4) the disclosures required under this subdivision must be in at least ten-point type
2.26 and must be contained in a single document that is separate from the retail installment
2.27 contract and any other vehicle purchase documents.

2.28 Sec. 5. **[53C.083] CONSUMER REPORT DISCLOSURE.**

2.29 (a) When a consumer report from a consumer reporting agency has been obtained
2.30 by a lender or retail seller for use in connection with an application for credit initiated
2.31 by a buyer for the purchase or lease of a motor vehicle:

2.32 (1) the lender shall provide to the retail seller, upon written request of the buyer, and
2.33 unless required by federal law to provide the adverse action notice, prior to the sale or

lease of the motor vehicle, the name of each credit reporting agency providing a consumer report that was obtained and used by the lender;

(2) the retail seller shall provide, prior to the sale or lease of the motor vehicle the following notice in at least ten-point boldface type on a document separate from the sale or lease contract, which must also include the name, address, and telephone number of four principal consumer reporting agencies:

"NOTICE TO MOTOR VEHICLE CREDIT APPLICANT

A consumer report from a consumer reporting agency was used in connection with your application to finance the acquisition of a motor vehicle. Consumer reports include data about your credit history and payment patterns. Consumer reports are important because they are used in determining whether to extend credit and may be used to determine the annual percentage rate you may be offered.

If you have questions about your consumer report, you are entitled to know the name, address, and telephone number of the consumer reporting agency that provided the consumer report used to evaluate your loan application. You may ask the dealer for this information. You may then contact the consumer reporting agency at the address and telephone number provided. You are entitled under federal law to a free copy annually of your consumer report by calling 1-877-322-8228 or visiting annualcreditreport.com"; and

(3) upon written request of the buyer, the retail seller shall obtain from the lender the consumer reporting agency information specified in clause (1) and shall provide that information to the buyer.

(b) This section does not require a dealer to provide more than one disclosure for each purchase or lease transaction. For purposes of this section, "consumer report" and "consumer reporting agency" have the meanings given in section 13C.001.

Sec. 6. Minnesota Statutes 2006, section 325F.662, is amended by adding a subdivision to read:

Subd. 8a. **Certified motor vehicle.** (a) It is unlawful for a dealer to advertise for sale or sell a used motor vehicle as "certified" or use any similar descriptive term in the advertisement or the sale of a used motor vehicle that implies the vehicle has been certified to meet the terms of a used motor vehicle certification program if any of the following apply:

(1) the dealer knows or should know that the odometer on the vehicle does not indicate actual mileage, has been rolled back or otherwise altered to show fewer miles, or has been replaced with an odometer showing fewer miles than actually driven;

(2) the dealer knows or should know that the vehicle was reacquired by the vehicle's manufacturer or a dealer pursuant to state or federal warranty laws;

(3) the dealer knows or should know that the title to the vehicle has been inscribed with the notation "damaged," "flood," "junk," "lemon law buyback," "manufacturer repurchase," "nonrepairable," "rebuilt," "reconditioned," "salvage," or similar title designation required by this state or another state;

(4) the dealer knows or should know that the vehicle has sustained damage in an impact, fire, or flood, that substantially impairs the use or safety of the vehicle;

(5) the dealer knows or should know that the vehicle has sustained frame damage;

(6) prior to sale, the dealer fails to provide the buyer with a completed inspection report indicating all the components inspected;

(7) the dealer disclaims any warranties of merchantability on the vehicle; or

(8) the vehicle is sold "AS IS".

(b) This section does not abrogate or limit any disclosure obligation imposed by any other law.

Sec. 7. Minnesota Statutes 2006, section 325F.662, subdivision 10, is amended to read:

Subd. 10. **Limitation on actions.** A private civil action brought by a consumer under this section with respect to a warranty claim must be commenced within one year of the expiration of the express warranty.

Sec. 8. **EFFECTIVE DATE.**

This act is effective January 1, 2008.